

THE OHIO STATE UNIVERSITY
OFFICIAL PROCEEDINGS OF THE
ONE THOUSAND FOUR HUNDRED AND SIXTY-FIRST
MEETING OF THE BOARD OF TRUSTEES

Columbus, Ohio, December 9, 2011

The Board of Trustees met Friday, December 9, 2011, at The Ohio Union, Columbus, Ohio, pursuant to adjournment.

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The Chairman, Mr. Wexner, called the meeting of the Board of Trustees to order on Friday, December 9, 2011 at 1:07 pm.

Present: Leslie H. Wexner, Chairman, Walden W. O'Dell, Alex Shumate, Brian K. Hicks, John C. Fisher, Alan W. Brass, Algenon L. Marbley, Linda S. Kass, Janet B. Reid, William G. Jurgensen, Jeffrey Wadsworth, Timothy P. Smucker, Corbett A. Price, Brandon N. Mitchell, and Evann K. Heidersbach.

Mr. Wexner:

Good afternoon, I would like to convene the meeting of the Board of Trustees. Before we take the roll call vote to go into Executive Session, I want to announce that the full Board will reconvene today at approximately 3:30 pm.

I hereby move that the Board recess into Executive Session to consider personnel matters related to the appointment and compensation of a public employee; matters required to be kept confidential by Federal and State Statutes; and consultation with legal counsel regarding pending or imminent litigation.

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The Chairman, Mr. Wexner, called the meeting of the Board of Trustees to order on Friday, December 9, 2011 at 3:18 pm.

Present: Leslie H. Wexner, Chairman, Walden W. O'Dell, Alex Shumate, Brian K. Hicks, John C. Fisher, Alan W. Brass, Algenon L. Marbley, Linda S. Kass, Janet B. Reid, William G. Jurgensen, Jeffrey Wadsworth, Timothy P. Smucker, Corbett A. Price, Brandon N. Mitchell and Evann K. Heidersbach.

Mr. Wexner:

So that we are able to conduct the business of our meeting in an orderly fashion, if you would please shut off the ringers on cell phones or iPads or whatever might make noise, it would be helpful and that will enable us to have the meeting with the proper decorum and conduct the business at hand.

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PRESIDENT'S REPORT

Dr. E. Gordon Gee:

Thank you. We have nothing but good news as a matter of fact, and I do intend on having my remarks remain very short.

As you know, finals week is over, actually it is over just about right now, and the campus has become a very quiet place as it always does over the holidays. But let me remind you that Sunday is commencement and we will be alive again with 2,332 new Ohio State graduates and tens of thousands of their proud parents, families, and friends. As I calculate that now, that makes it about 520,000 living alumni. If you think about that, that is an extraordinary number of people all the way around the world. As always, I look forward to

shaking their hands and taking photos with them and having a great time.

I want to note just a couple of additional things. The first is that Ohio State has yet again led the nation. This is a very important issue -- that we led the nation again this year in the number of faculty elected as Fellows of the American Association for the Advancement of Science, one of the two most important organizations in this country. Twenty of our faculty has just been elected to that prestigious group. We have a most remarkable track record as well for the past decade. The University has ranked first or second each year in the number of scholars chosen for this award. They cross a broad range of disciplines from chemistry to astronomy to history to economics to physics, linguistics, mechanical engineering, neuroscience and endocrinology among other fields. One more fact on this topic is that I mentioned Ohio State ranked first with twenty faculty members. Rounding out the top three were Vanderbilt University with fourteen and the University of Michigan with thirteen. All of that testifies, of course, to Ohio State's immensely powerful force, so I am very proud of those faculty members just selected.

The other topic I want to comment on is Athletics, and I will do so in a much larger context. Earlier this week it was announced that sixty-six Ohio State student athletes have been named to the Academic All-Big Ten Conference Team; the most of any university in the Big Ten, I will note. We congratulate those students who come from virtually every intercollegiate sports area of the University. Last week our men's basketball team against Duke had thousands of us up late, as you all know, long past our bed times, and it was well worth it. Our team played, by the way, like champions and the final note is that Coach Matta, on his subsequent game, crossed his three hundredth career win as a head coach; very young but very able.

As the world knows, the University has hired a new football coach. Ohio State alumnus Urban Meyer has joined our staff and we welcome him home. In the days following the announcement, Governor Kasich was asked about it and the video clip of his remarks was sent around campus. The governor said glowing things about Coach Meyer and about Coach Fickell. Governor Kasich also said this about the University, and I quote, "It has a great football and great basketball team, but do not mistake, Ohio State is building world class academic programs and is very exciting." Now he is absolutely right, of course, but I want to just note this publicly that we are deeply fortunate to have a governor that recognizes the excellence of our academic programs and their incalculable value, and I hope that each and every one of us will tell him how much we appreciate that comment.

Before I conclude my remarks, I want to publicly thank and congratulate Luke Fickell, who has demonstrated great passion and true leadership. I am pleased that he will continue to be part of our coaching staff. Coach Fickell and his team are focused on one goal: beating the University of Florida in the Gator Bowl. I am counting down the days to January second, and I am looking forward to seeing an enormous crowd of folks at that game in Jacksonville. With that, Mr. Chairman, I will close by saying this is a season to be especially mindful of our blessings. I think we all are, and I am particularly mindful of the opportunities that you give me each and every day to lead Ohio State, and I am grateful for them.

Mr. Wexner:

Thank you. Me too! After those comments it seems a little awkward to shift to Audit and Compliance, but maybe you can relate them to the healthy state of our union.

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COMMITTEE REPORTS

Mr. Fisher:

Thank you, Mr. Chairman. The Audit and Compliance Committee did meet recently here along with some guest Trustees who attended our meeting. Number one on the agenda is item six on the consent agenda. The committee, after further dialogue with PricewaterhouseCoopers, did move to accept and file the audit for 2010-11. I think you have a copy of that at your place. We also had an update from Protiviti relative to our ongoing work on reviewing compliance and a program of compliance for the future. Everything there is on time and you will have a very full report at the February Board meeting.

Mr. Wexner:

Questions? I talked with Bob Schottenstein about the progress that our advisors are making and it is pretty exciting stuff. I think they are pleasantly pleased with the things we are doing and the opportunity to be hopefully best in the world and set new standards. I do not know if you want to amplify.

Mr. Fisher:

Plus, Mr. Chairman, I would again report that they are continually impressed with both the cooperation and input with all personnel across campus relative to the various entities and all the compliance components that we have to deal with and are very, very pleased with the cooperation and engagement. We are looking forward to a good report in February.

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CONSENT AGENDA

ESTABLISHMENT OF A BACHELOR OF SCIENCE IN PUBLIC HEALTH DEGREE PROGRAM

Resolution No. 2012-42

Synopsis: Approval of the establishment of a Bachelor of Science in Public Health degree program is proposed.

WHEREAS Universities across the country have developed or are developing undergraduate degree programs in public health, in part in response to an emerging need and demand for highly educated and trained public health professionals; and

WHEREAS this will be the first undergraduate degree offered by the College of Public Health that aligns with broad University directions in interdisciplinary cooperation and internationalization of the curricula; and

aligns with directions recommended by the Association of Schools of Public Health; and

WHEREAS the degree program has well-defined educational goals and objectives for both its public health core components, as well as for its two specializations, Public Health Sociology and Environmental Public Health; and a well-developed plan for implementation and oversight; and

WHEREAS the proposal was developed with and has the strong endorsement of the College of Arts and Sciences; and

WHEREAS the proposal was reviewed by the Council on Academic Affairs, and approved by the University Senate at its meeting on November 17, 2011:

NOW THEREFORE

BE IT RESOLVED, That the proposal to establish a Bachelor of Science in Public Health degree program is hereby approved, effective upon the approval by the Ohio Board of Regents.

**DEPARTMENT NAME CHANGE FROM DEPARTMENT OF HUMAN
AND COMMUNITY RESOURCE DEVELOPMENT TO THE
DEPARTMENT OF AGRICULTURAL COMMUNICATION,
EDUCATION, AND LEADERSHIP**

Resolution No. 2012-43

Synopsis: Approval to change the department name of Human and Community Resource Development to the Department of Agricultural Communication, Education, and Leadership is proposed.

WHEREAS the Department of Human and Community Resource Development has existed since 1917 and offered curricula in agricultural education, or agricultural and extension education; since 1984 has offered an undergraduate major in agricultural communication; and in 2010 developed an interdisciplinary minor in leadership studies; and

WHEREAS in 2008-09 the Dean of the College of Food, Agricultural, and Environmental Sciences began a review of the Department, and the faculty in Rural Sociology moved to the School of Environment and Natural Resources, and a select committee was established to determine how the remainder of the Department should be configured; and

WHEREAS after a review of names at peer institutions, the proposed name was chosen and a strategic plan for the Department was developed with academic programs aligned with the new name for semester conversion; and

WHEREAS use of the term "leadership" in the Department name does not preclude other academic units from using it for current or future unit or program names; and

WHEREAS the proposal has the support of the Department faculty, and of the College of Food, Agricultural, and Environmental Sciences; and

WHEREAS the proposal was approved by the Council on Academic Affairs, and the University Senate at its meeting on November 17, 2011:

NOW THEREFORE

BE IT RESOLVED, That the name of the Department of Human and Community Resource Development be changed to the Department of Agricultural Communication, Education, and Leadership, is hereby approved effective immediately.

DEPARTMENT NAME CHANGE FROM DEPARTMENT OF CIVIL AND ENVIRONMENTAL ENGINEERING AND GEODETIC SCIENCE TO THE DEPARTMENT OF CIVIL, ENVIRONMENTAL AND GEODETIC ENGINEERING

Resolution No. 2012-44

Synopsis: Approval to change the department name of Civil and Environmental Engineering and Geodetic Science to the Department of Civil, Environmental and Geodetic Engineering is proposed.

WHEREAS the Department of Civil and Environmental Engineering and Geodetic Science had administered two distinct programs – Civil Engineering and Geodetic Science – since 1994, but in 2004 half of the faculty in Geodetic Science transferred to the School of Earth Sciences; and

WHEREAS in 2009, a Memorandum of Understanding was approved that moved the administration of the Geodetic Science and Surveying Graduate Program to the School of Earth Sciences, and then in 2010, a specialization in Geoinformation and Geodetic Engineering was developed for the Civil Engineering graduate program, and these programs align with the focus areas of the faculty in the two academic units; and

WHEREAS no changes are requested for the degree programs administered by the Department; and

WHEREAS the proposal has the support of the Department faculty, the College of Engineering, and the School of Earth Sciences; and

WHEREAS the proposal was approved by the Council on Academic Affairs, and the University Senate at its meeting on November 17, 2011:

NOW THEREFORE

BE IT RESOLVED, That the name of the Department of Civil and Environmental Engineering and Geodetic Science be changed to the Department of Civil, Environmental and Geodetic Engineering, is hereby approved effective immediately.

SCHOOL NAME CHANGE FROM SCHOOL OF ALLIED MEDICAL PROFESSIONS TO THE SCHOOL OF HEALTH AND REHABILITATION SCIENCES; AND TO CHANGE THE DEGREE PROGRAM NAMES TO BACHELOR OF SCIENCE IN HEALTH AND REHABILITATION SCIENCES, AND MASTER OF SCIENCE IN HEALTH AND REHABILITATION SCIENCES

Resolution No. 2012-45

Synopsis: Approval to change the school name of Allied Medical Professions to the School of Health and Rehabilitation Sciences, and to change the program names to Bachelor of Science in Health and Rehabilitation Sciences, and Master of Science in Health and Rehabilitation Science is proposed.

WHEREAS the School of Allied Medical Professions was established in 1966 with its current name, to provide baccalaureate degrees in allied medical professions and reflect its administrative location within the College of Medicine; but the School has expanded its undergraduate programs to include some that do not lead directly to a "profession" and has implemented M.S. and Ph.D. programs for which the term "sciences" better describe program content and outcomes; and

WHEREAS a review of national trends reveal that many benchmark institutions have adopted this new title, and the School can become more competitive with this name; and

WHEREAS the School requests that the names of its Bachelor of Science and Master of Science degree names be changed to align with this title, and the Graduate School has supported the latter; and

WHEREAS use of the term "health" in the School title does not preclude other academic units from using it for current or future unit or program names; and

WHEREAS the proposal has the support of the School faculty and the College of Medicine, and there were no formal objections to the proposal from any other college; and

WHEREAS the proposal was approved by the Council on Academic Affairs, and the University Senate at its meeting on November 17, 2011:

NOW THEREFORE

BE IT RESOLVED, That the name change from the School of Allied Medical Professions to the School of Health and Rehabilitation Sciences; and to change the degree program names to Bachelor of Science in Health and Rehabilitation Sciences and Master of Science in Health and Rehabilitation Sciences, is hereby approved effective immediately.

ACCEPTANCE OF THE REPORT OF AUDIT FOR 2010-2011

Resolution No. 2012-46

Synopsis: The report of the audit of the financial statements for The Ohio State University for 2010-2011 conducted by PricewaterhouseCoopers LLP is recommended for acceptance.

WHEREAS with the approval of the Auditor of State, The Ohio State University entered into a five-year agreement with PricewaterhouseCoopers LLP in 2011 for an annual audit of the University for fiscal years 2010-2011 through 2014-2015; and

WHEREAS the PricewaterhouseCoopers LLP audit of the University for 2010-2011, meeting the requirements of the Auditor of State, has been received and the accounts, records, files, and reports of the University have been found to be in satisfactory condition, and certain constructive

service comments have been discussed with the Audit Committee; and appropriate procedures and responses are being developed as a result of these comments:

NOW THEREFORE

BE IT RESOLVED, That the report of the PricewaterhouseCoopers LLP audit for The Ohio State University for 2010-2011, including the report on the audit of the University's financial statements and the summary of constructive service comments to management, be accepted.

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PRESIDENT'S EVALUATION

Resolution No. 2012-47

Dr. Reid:

First of all, there is a formal written evaluation which will become part of the minutes. It is an extensive evaluation and I will spare the Board from reading every word of it, but I will summarize the key points.

Each year, of course, the President's performance is evaluated and that is typical of most colleges and universities. What is not typical, but is more of a best practice, is to include input from the Board as well as individuals who work closely with the President, so that is what Ohio State decided to do and actually did.

The process of the evaluation actually began with President Gee submitting a report of his own achievements according to the six objectives that he had, and then we had our University consultant, Dr. Richard Chait from Harvard, put together a series of questions that would be asked among the Board members as well as individuals who work closely with the President. There were seven University executives outside the Board of Trustees who were queried about his performance. With that, Dr. Chait put together a preliminary report. We brought that to Dr. Gee and certainly discussed the implications of that with his full feedback. Then it was discussed with the Board one more time and now today is the finalization of that process, so that is what this report will actually represent.

What I would like to do is just touch on a few of the things that were the most salient points from his review. I would like to start with just the overall evaluation of Dr. Gee. It was quite positive and the evaluations ranged from strong to very strong with regards to performance. The breadth and complexity in demands of the President's job were recognized as were the many of his noteworthy accomplishments. Those included recruiting top talent, providing exceptional educational opportunities for students, increasing the level of research, constant advocacy for the University, and solidified relationships with the State.

There are certain aspects of the President's performance that the raters believed left some room for improvement. Those were related to strategic planning, enhancing the President's leadership team and making them more functional as a team, enhanced communications both internally and externally, and the NCAA violations in the football program. With regard to the later, in particular, this diminished the focus on the University's many outstanding programs and contributions. However, setting that aside, the University's overall

performance in other respects has been excellent under Dr. Gee's leadership.

So just some of the accomplishments, I would like to read as well as some of the areas for improvement. Again, he was deemed a visionary, a big picture person, one who is willing to take big bets, an unbelievable talent, a strong intellect with charisma and vision. That led to accomplishments among those six items that he focused upon including forging One University, putting students first, focus on faculty success, recasting the research agenda, committing to communities, and simplifying University systems and structures.

Under One University he developed a One University master framework which was excellent in terms of guiding the University toward thinking holistically about strategic and financial items. He created a new University advancement model which has resulted in the strategic, University-wide integration and coordination of alumni relations, communications and marketing. With regard to students first, he has continued to oversee the transition to semesters, he has laid groundwork for a new housing plan, there are new enrollment records for academic quality, and also there is a great partnership with Columbus State Community College which has been established.

Regarding faculty and talent and culture, there are notable accomplishments here as well. He has brought on a number of important hires including new deans in engineering, medicine, nursing, and dentistry. He has also recruited Brian Cummings to greatly accelerate the University's technology and commercialization efforts. He has forged a partnership with Colorado State University, which will lead to strengthening of the Institute for Energy and Environment and also has brought on other leading minds in neurology, oncology, history, and English. Research prominence has certainly increased with his leadership of the technology commercialization office functions which now operates as cradle to grave.

In terms of outreach and collaboration, many things are notable, including strong partnerships with the new governor as I mentioned and, as usual, he has travelled to, in this case, over half of the eighty-eight counties in Ohio. Pelotonia, as we know, is another success and then, in terms of operating and financial soundness and simplicity, many notable accomplishments were there, including securing the largest philanthropic gift in University history, which was a \$100 million pledge from our Board Chairman and his wife, Abigail. In addition to that, the Medical Center, which was a one billion dollar investment on the University's end, has been kept on track and on time and on budget.

Those are just a summary of the many, many accomplishments of Dr. Gee over this last year. In addition, like any performance review, in addition to citing the accomplishments, there is also constructive feedback. The constructive feedback for Dr. Gee falls in four areas. First is strategic planning. To that end, there was a need to get a strategic plan that allowed the University to align itself around a limited number of strategic imperatives and that took a little bit longer than had been anticipated. The second area is in the President's senior leadership team to get these talented, individual leaders to function as a highly performing team, not just as individuals. Third, is in the area of internal and external communications to increase transparency and consistency in communication with leadership, and also with the

University's external communications to key parties. Then last, or fourth, is the NCAA matter with the football team. All Board members and other reviewers certainly addressed the recent experiences with the NCAA. During that crisis, the President did exhibit leadership by fully cooperating with every aspect of the investigation, utilizing self-imposed sanctions, and creating a lasting process of greater oversight accountability. On the over hand, there was no question that mistakes were made by the President, the Athletic Director, and others. As a result of these issues, the University suffered reputational damage and shaking confidence among key stakeholders in the public. The issue also distorted the image and reputation of the University and diminished focus on its many outstanding programs.

The process moving forward has already started and that includes a focus on six key areas that Dr. Gee brought to the Board and that includes resource generation including revenue production as well as expense reduction, the implementation of a new advancement plan, developing and implementing a plan for an enhanced undergraduate student experience, developing and approving and effectuating a University talent strategy, developing academic initiatives that are aligned with three discovery areas, and fully achieving the Medical Center's long-range plan. Those have already been put into place and measures around those are already occurring.

Now, I would like to talk about compensation. In determining the appropriate compensation for the President for the present year, it is important to weigh both his performance from the past year along with other important considerations, including the President's current ranking with respect to the market for other top university presidents, the current economic condition of the University, the state of Ohio in education, and the compensation increases recently allocated to University faculty and staff. Furthermore, the Board utilizes expertise of an outside compensation professional to conduct a comprehensive, reasonableness assessment of all aspects of Dr. Gee's compensation.

The faculty and staff of the University recently received an aggregate salary increase of 2%. We recommend that President Gee receive a similar salary increase of 2%, which would amount to \$16,363 over his current salary of \$818,167.

President Gee's compensation also includes performance-based aspects so the performance-based compensation arrangement established with the President upon his return to the University in 2007 provides for a 35% payment for achieving target level performance, up to a 40% maximum for exceeding target performance, and up to an additional 10% for achievement of important multiyear goals. The President and this Board share a high set of expectations for performance. We recommend that President Gee receive performance-based compensation amounting to \$143,179, which represents a payment equivalent to 17.5% of his base salary. Consistent with this Board's prior commitment, President Gee's bonus will not be paid by Ohio tax payers or student tuition dollars, but rather through the academic excellence fund that was created to assist with the retention and recruitment of the highest caliber academic and administrative leaders and is funded by private giving.

Overall, in conclusion, Ohio State University is an outstanding institution because of Dr. Gee's leadership. He is truly a visionary leader who adeptly handles the breadth, complexity, and demands of

the job; however, this challenge is not his alone to face. We, as a Board, will continue to partner with President Gee and his leadership team to address the most significant challenges and strategic opportunities that this University faces. I am pleased to bring these recommendations forward for the Board's consideration and I invite your discussion. When we have reached a decision, a motion will be required for approval for the President's compensation actions.

Would any colleagues on the Compensation and Talent Development Working Group like to add any additional comments? Mr. Chairman, I ask for a motion to accept the report and recommendations of the working group.

(See Appendix ___ for background information, page ____.)

Mr. Wexner:

Is there any discussion about the motion? Does anyone want to comment? I appreciate the thoroughness of it and your work, and I think the Board together shares the good and the bad, which as it happens, I think it was a very good year. We got substantially better and got substantially better through Gordon's leadership, and I think the breadth of the evaluation being balanced, in terms of being open and transparent, recognizing the issues that the University confronted - I think is very important because I think we have to model that behavior amongst ourselves and clearly for the whole University and the public to which we are responsible, so I appreciate the thoroughness and the dignity of the report.

Dr. Reid:

Thank you, Mr. Chair. I would also like to say on going forward, Dr. Gee is already taking measures around those comments and pulling his team together and other things, so we are on a good track.

Mr. Wexner:

Any other comments, questions? Alan.

Mr. Brass:

I would just like to thank Janet for a wonderful job chairing the Compensation and Talent Working Group. We have many meetings, but with her expertise and her background, she has done a wonderful job this year. I would like to echo something and that is that the success we have is due to the partnership between Dr. Gee and the executive staff and this Board and that needs to just be repeated over and over again because it is a great partnership and we thank you.

Upon motion of Mr. Wexner, seconded by Dr. Wadsworth, the Board of Trustees adopted the foregoing motion by a unanimous show of hands.

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Mr. Wexner:

What I would like to do is go around the room – we always have good luck starting at that end – and we had a brief meeting today, but this is the end of the calendar year, and I think it was a very good year. I

think we got better. The University got better. A lot of things got better.

Ms. Heidersbach:

Like I said last meeting, I think it is the point of convergence -- I made the allusion what I learned in class where everything is just sort of coming together, and I think that is reflected again in this meeting -- just coming together of leadership, coming together of talent. I think the Board and President Gee and the leaders of the University are doing a really good job of moving the University forward.

Mr. Price:

Given that this is my first meeting as a new Charter Trustee, I am very pleased to be here. I am very appreciative of the orientation that I am still undergoing, and I would like to thank those individuals for their time and effort in trying to get me up to speed. I look forward to serving as we move forward here. I think it is a very challenging period for the University. Under Dr. Gee's leadership, I think we have some really great things that we can continue to achieve going forward here. In closing, I would like to wish everyone happy holidays and I look forward to seeing you in a new year.

Mr. Smucker:

I just would like to add to what has been said. When you go through a review like this, it crystallizes the amount of accomplishments that have been made, and I think that this is a time where we really rejoice in that. Certainly, we all have troubles and problems to work on, but clearly, what we have identified here in this process is clarity around excellence and eminence that this organization has and I think we can never take that for granted.

Again, I would like to compliment this Board and particularly Dr. Gee for his leadership and the team that you have put together will carry us forward many, many years. Thank you.

Mr. Wadsworth:

It is about a year for me being a Trustee. It has been a wonderful year. I have made a lot of new friends and great partnerships. I think the University has made significant advances this year. It truly has. We have also generated and are generating significant financial assets for the future. I think that is really important because it is a complicated, tough world out there and we need to be able to invest in the future, and we are creating the opportunity under Dr. Gee's leadership to do that.

Dr. Reid:

I would like to just take a minute to commend Dr. Gee. Leaders are always called so, but you never really see what they are made of until there is a crisis, and we certainly went through a crisis this last year. With that being said, we had so many great accomplishments and I want to thank you for your leadership in regard to that and also the senior team that works around you, compliments to them.

Judge Marbley:

I would like to echo what has been said. This was a year not without both tumult and travail and what I would say is, but for your leadership and that of your senior team, we would not continue to thrive as we did. Because during all of this troubled time, what seems to have been lost in the public discussion, is that we once again got in a top class. This class that came in eclipsed the class that preceded it and that has happened for the tenth year in a row. At the end of the day, we are a great academic institution, rife with talent, and it is a shame that that was not the public focus.

I want to commend you, Dr. Gee, on your leadership, because it is easy to lead in times of prosperity. That is the easy part. It is far more difficult to lead in troubled times, and you did that. I want to also add one note about our Athletic Director who was instrumental in bringing in Urban Meyer and getting this cleared up. Because what he did was led us through these troubled times. We did have some problems, and he led us through those problems, and he led us through those problems while dealing with some really tough, personal issues such as the death of his mother and that is something that also needs to be commented upon and he needs to be complimented for his leadership.

There was a real study in leadership, and I think you and your team did a wonderful job all year. Thank you.

Mr. Fisher:

Well, Gordon, I would like to say it is a joy to work with you, and I am glad you are our president. As I look back -- I heard the media kind of characterize, I think either today or yesterday, that this was one year of a lot of events. I think this Board has dealt with the good, and we want to make that better; and we have dealt with the bad, and we are going to make that better. I feel good about the work of the Board in that regard.

Mr. O'Dell:

I would like to say that it has been a very challenging year. I think we have made great progress. It was a challenging year at the University, for higher education nationwide, for the state and for the country, but we have made a lot of progress. Dr. Gee, with your leadership and your team's leadership, we have seen our way through this difficult year, and I look forward to 2012 with a great deal of enthusiasm and confidence.

Mr. Mitchell:

This year we still found a way to move forward, and I think that is just a testament to you, President Gee, and to your leadership team. As always, it is easy to get caught up in the smaller things, but I think, as a University, when you look one year, last year, to this year on the same date, we have moved forward in great ways and we are poised to do so in the future as well.

Mr. Jurgensen

Yesterday I had an opportunity by happenstance to have a meeting with Gordon on another matter and to sort of repeat something that he and I talked about yesterday, which is appropriate, I think, at this time of the year, which is a very reflective time. The point is that the

conduct of our personal lives and the conduct of our life in institutions in never linear. Nobody gets to great in a straight line. Most of you know that a lot of my pastime is devoted to the game of golf, and Bobby Jones probably said it best. He said "I never learned a thing from a match I won." That is what I think about this year. So what is important is what we learned from all the things that did not go the way we had hoped they would go. I think it is too early to say much about that, but one thing for sure is certainly that all of us are sensitized to the things that did not go the way we hoped. Sometimes you get do-overs in life and sometimes you do not, and you have to live with the things you say and the decisions you make. We are going to do that. I think actually there is a silver lining in all of this. I think there is a silver lining in the football situation. I think there is a silver lining in the way we handled it, and I think we can become great.

Ms. Kass:

I would just like to say difficult times help us get stronger and better and reflection is good, as we all know. We have been doing a lot of that. I think this time of year is a time for gratefulness, and I know I am grateful for all that we have here at Ohio State. I am grateful for our President, our Chairman and the Board and the way we operate. I am grateful for that and all the wonderful people that we have at this institution. We have great opportunities and I look very forward to continuing our work as the new year begins.

Mr. Brass:

All of us believe very strongly in family. Our Ohio State University family just happens to be a very large one, and I think we feel the same. It is a very complex organization. It has got a lot of tentacles out all over the place. It is one of the most difficult things to manage, and when you have a crisis or you have a downturn or you have complexity, you find out what our leaders all about -- and our students and our faculty and our mission are much better off because of the leader that we have. I also would like to wish everyone a happy holiday.

Mr. Hicks:

Well, it has been a very interesting year as I think everybody has reflected upon, but for one issue that obviously occupied a lot of our time and attention and the attention of other folks. When you look at our academic standing, when you look at the success in our Medical Center, when you look at the new advancement model, when you look at the unbelievably generous gift of you and Ms. Wexner, Mr. Chairman, this has been an absolutely remarkable year and a positive year but for one exception possibly. I do think this is a time where we kind of take stock of our blessings and we are all blessed, I think, to serve on this Board. It is truly an honor to do so. I think that the State of Ohio is blessed to have an institution like The Ohio State University here. But for Ohio State, the State of Ohio will not be greater in the future. Personally I am blessed to have Gordon Gee as my friend. Gordon Gee is the leader of the institution I am so proud to be an alumni of, so thank you, Mr. Chairman.

Mr. Shumate:

There is not really anything special that I could add. I just would make the statement that I continue to be truly impressed with our faculty, our students, and our staff. It is really an honor to be part of the Ohio State family.

Dr. Horn:

I have only been at this table for about six months, but I cannot help but be impressed by the passion and energy and seriousness with which everyone at this table takes their work for this University. I have also been at the University for about twenty-one years. Gordon and I came at the same time. For whatever reason, he did not want to be President all twenty-one years, so he has come and gone, but the other thing that has really been impressive is how far this University has come in that time, whether you look at the students that come in, the faculty that we have, the curriculum programs, the research agenda we have, the national and international reputation that we have, you have got to be impressed by the distance that we have covered and excited about the distance that we still have ahead of us.

Dr. Gee:

Thank you very much. First of all, let me thank Janet personally as well as professionally. I think I am very blessed to have Janet as my friend and also as a leader of this effort. We decided that what we were going to try to do is we are going to try to hold ourselves at a very high standard as an institution, and it really has to start with you holding yourselves to a higher standard and, Mr. Chairman, that is where I congratulate you. I think your leadership has been absolutely superb, beyond superb. I think that you have held our feet to the fire, sometimes painfully so, and I say that with great affection. The Board has held itself to a very high standard so; therefore, we have nothing but to hold ourselves to a very high standard. Janet, through this review process, which I hope will not take so long next time only because of the fact that we had to do it the first time around to get it really right -- I just thank you and I thank members of the working group because they all did a wonderful job and gave me tremendous feedback for which I am better.

The second thing, Mr. Chairman, that I will note is the fact that someone wrote something for me the other day and noted that I have been university president for nearly half of my life and that kind of struck me. That made me feel young and old at the same time. That made me feel really energetic and at the same time challenged. But I can say this very honestly that probably in those thirty-two years, I have never had a year that has been more empowering and more humbling and I think that that is an important issue. From the perspective of the University, if we look at it in a bifurcated way, this University is on a trajectory that very few institutions are on. I can say that unequivocally just by the numbers -- the quality of our faculty, the quality of our staff, the quality of what we are doing, the kind of tremendous support we are seeing privately, the \$100 million gift that we competed against everyone in the world for for our cancer center, the activity that is going on around the world on behalf of Ohio State, the fact that we have leaped ourselves into the front ranks in terms of international and globalization efforts. I could go on and on -- and the fact that we have attracted some of the most talented people in the country if not in the world to come and join us both as faculty and as leaders, and the administrative team, the folks that work with me every

day, all are superb, more than superb, they are really quite remarkable.

On the other side, the humbling fact is the fact that the University is bigger than an individual. It is bigger than any one individual, and when that comes home to rest with you when you are in my position, it is very painful. In my own instance, we made tremendous mistakes. We stumbled out of the blocks on this NCAA thing about as badly as you can, and I particularly stumbled out of the blocks. I am not proud of that. We made some initial mistakes. What I am proud of, though, is instead of panicking, we went to the drawing board. We have a Chairman that said, "I don't pick football coaches. You fix the problem." We had members of our Board who rallied around and said "we are going to get this thing right, and we are going to join together and get this thing right." The net result is the fact that we stumbled at the beginning and we ended in a most remarkably magnificent way. The NCAA has yet to render its end result, but I feel very confident that we have done everything that we possibly can. We strengthened ourselves. We strengthened our ability to make decisions. We have worked more closely together. We have found ways to turn adversity into opportunity. I think that is a character of greatness on the part of the institution.

I stand before you today thankful for the support that I receive from each and every one of you, the friendship that I share, and with real humility for the opportunity that you continue to give me.

Mr. Wexner:

Thank you. I appreciate our friendship. Gordon and I have been together for twenty-one or twenty-two years and I look at my calendar for precision, so we are old and long and good friends.

In listening to everyone's comments, I was thinking that in families, sometimes something bad happens in families or teams crumble. That is just how life is. My dad must be smiling because he always used to say, "well, you can get bitter or you can get better," and I think, collectively, we got better in virtually every part of the University, the student experience, the quality of academics, faculty, thinking, and planning. We all do learn by our errors, and I am trying to get better at this. My kids say that I must be very tough because they remind me that I am not easy as a dad, but I am trying to get better. I know that we are trying to get better. I know that we have gotten better, and we have momentum. So I look at the 2011 year for the University, and it was a "W" clearly. I look forward to 2012 with optimism and excitement, knowing that we have momentum and it is just great. Happy New Year, and just a happy and healthy holiday. Thank you.

Thereupon the Board adjourned to meet Friday, February 10, 2012, at The Ohio State University, Longaberger Alumni House, Columbus, OH.

Attest:

Leslie H. Wexner
Chairman

David G. Horn
Secretary

**The Ohio State University
Presidential Evaluation and Compensation
Report to the Board of Trustees**

Board Meeting of December 9, 2011

Dr. Janet Reid, Chair, Board Compensation and Talent Development Working Group

INTRODUCTION

Each year, the Board of Trustees conducts an annual review of the University President's performance over the previous year. Within the last decade, this has become an accepted part of governance oversight for many universities and is advocated by the Association of Governing Boards of Universities and Colleges (AGB). An AGB survey (2008) shows that 90% of the queried institutions conduct an annual assessment of presidential performance¹. While the practice of presidential assessment is prevalent, a comprehensive assessment, defined as one that takes into account the input of the Board of Directors and staff or other stakeholders is more rare². For the Presidential review covering the academic year of autumn, 2010 through summer, 2011, Ohio State expanded the body of reviewers to include Trustees and a cross section of leaders who work closely with the President.

Although an annual evaluation may be retrospective in nature, it is fundamentally a prospective tool. That is why this evaluation of the President's past year performance also includes discussion of what will be necessary for achieving the University's mission and vision over the next few years. The President and the Board are fully aligned in identifying and achieving the most significant imperatives guiding this University for the coming years.

PROCESS

The Board fully recognizes the importance of strong leadership in determining the success of the University. It is vital to our success that we appropriately value the experience and expertise of our University leadership.

With this in mind, the process that was utilized in the assessment of the President is described below:

First, President Gee submitted his report of achievements, including a scorecard of priority items, based on the strategic goals and milestones established last year for fiscal year 2011, namely July 2010 – June 2011.

Then, the Compensation and Talent Development Working Group engaged the University's Board consultant, Dr. Richard Chait from Harvard University, to interview 18 trustees and 7 University executives who work closely with the President regarding the President's performance over the past year. These interviews had three purposes. The first was to assess President Gee's performance during the past year and to provide feedback to him. The second was to give the President guidance regarding the University's strategic goals and associated measures for the coming year and those immediately following. The third was to enable the Board to be an even more valuable partner to the President and his senior leadership team.

I, as Chair of the Compensation and Talent Development Working Group, together with other members of the Working Group, met with Dr. Gee on a number of occasions to discuss the common themes that emerged through the course of these interviews. The Board then met collectively to discuss the content of the evaluation and the President's compensation based upon his performance from the past year.

OVERALL SUMMARY OF THE PRESIDENT'S EVALUATION

President Gee's overall performance evaluation was quite positive with summary evaluations that ranged from strong to very strong. The breadth, complexity and demands of the President's job were recognized, as were his very many noteworthy accomplishments. Examples included:

- The recruitment of top talent;
- Providing exceptional educational opportunities for students;
- Increasing the level of research and teaching output;
- Constant advocacy for the University; and
- Solidified relations with the State.

There were certain aspects of the President's performance where we believed there was room for improvement. Those related to strategic planning, enhancement of the President's leadership team, enhanced communications (internally and externally), and NCAA violations and the football program.

The NCAA matter, in particular, diminished the focus upon the University's many outstanding programs and contributions. However, the University's overall performance in other respects has been excellent under Dr. Gee's leadership.

EVALUATION DETAILS

I. OVERALL FEEDBACK AND KEY ACCOMPLISHMENTS

Overall, the Board's evaluation of President Gee was quite positive with assessments that ranged from strong to very strong. He was described as "visionary," a person with an unusual capacity to see the "big picture" and "take big bets." Several Trustees and senior leaders commended the President's "unbelievable talent," "strong intellect," "charisma," and "vision."

He was cited as the University's greatest cheerleader and strongest supporter—and he is recognized as having built very strong relationships with faculty, students, alumni and friends of the University.

Details of additional accomplishments are cited in the "Excellence to Eminence" Priorities and Accomplishments section below.

II. "EXCELLENCE TO EMINENCE" PRIORITIES AND KEY ACCOMPLISHMENTS

Over the past year there have been a number of meaningful achievements and significant progress made toward fulfilling the President's six strategic priorities that have guided the University from "Excellence to Eminence" since President Gee's return to the University. These priorities are:

1. Forge One Ohio State University
2. Put Students First
3. Focus on Faculty Success
4. Recast Our Research Agenda
5. Commit to Our Communities
6. Simplify University Systems and Structures

I would like to briefly highlight a sampling of President Gee's most significant achievements over the past year in each of these areas.

One University

The President focused upon creating One University where everyone is driven and aligned by a shared, trans-institutional common vision.

Notable Accomplishments:

- The One University Master Plan Framework has guided the University toward thinking holistically about strategic, financial, and physical planning issues, ensuring that the academic mission drives all activities in an integrated fashion.
- The new University advancement model has resulted in the strategic, University-wide integration and coordination of alumni relations, communications, marketing, and development functions. This will better foster positive relations and opportunities for engagement with all of the University's key stakeholders. Aspirational goals will be better aligned with available resources, laying the groundwork for a comprehensive plan designed to move Ohio State forward.

Students First

The President made it a priority to put "Students First."

Notable Accomplishments:

- He has continued to oversee the smooth transition from quarters to semesters that facilitate greater opportunities for students.
- He has laid the groundwork for a new housing plan that will foster greater student experiences and learning outcomes.
- New enrollment records for academic quality and size have been achieved. Additionally, there has been an increased emphasis on the recruitment of international students.
- He executed a new partnership with Columbus State Community College, creating the Preferred Pathway Program, which will guarantee access to an Ohio State degree for qualified students transferring from Columbus State.
- He led the restructuring and renaming of the Office of Minority Affairs to the Office of Diversity and Inclusion, paving the way for Ohio State to step to the forefront of national and international conversations about and actions toward increasing diversity and inclusion.

Faculty and Staff Talent and Culture

The President has focused on assembling a talented leadership team who recruit, support, and retain a world-class faculty and staff who are national leaders in their fields. The Board and others cited this accomplishment, in particular, as being one that directly enhances the quality of an Ohio State education and results in major contributions to multiple fields of research.

Notable Accomplishments:

- In the past year, he brought on board a number of important hires, including new deans in the Colleges of Engineering, Medicine, Nursing, and Dentistry.
- The President successfully recruited Brian Cummings to greatly accelerate the University's Technology Commercialization efforts.
- In a unique partnership with Colorado State University, Dr. Gee hired Dr. Ronald Sega to lead the Institute for Energy and the Environment and the President and Provost's Council on Sustainability.
- We have attracted some of the leading minds in this country in fields such as neurology, oncology, history, and English.
- The President also remains committed to the University's culture transformation efforts.

Research Prominence

President Gee continues to support and encourage innovative and groundbreaking research opportunities that contribute to the greater good for the State of Ohio, the United States and the world.

Notable Accomplishments:

- The President reconfigured the Technology Commercialization office functions to create a "cradle to grave" management system for University faculty's research innovations and inventions.
- Now, through the partnership with Colorado State, there is a commitment to support mutually beneficial agricultural and energy research across the United States.

- Research productivity has improved significantly over the previous year.
- The President helped facilitate a new partnership with the Procter and Gamble Company, working to advance individual projects under the umbrella of a statewide collaboration agreement with the University System of Ohio and P&G.
- Dr. Gee helped lead the realignment of departments, programs and resources around three overarching research discovery themes as the focus areas that will be guiding the University's selective research investments in the years ahead.

Outreach and Collaboration

Under the President's leadership, the University continues to develop partnerships focused on local, state and international communities.

Notable Accomplishments:

- The President fostered a strong partnership with the new Governor and other key State government leaders. He successfully led the advocacy effort on construction reform, resulting in landmark change in the way public sector construction projects will be delivered in the future.
- President Gee, once again, traveled to over half of Ohio's 88 counties to demonstrate to lawmakers and other Ohioans how, in so many ways, the University is indispensable to Ohio's future. The Board particularly appreciated his tireless advocacy.
- Pelotonia continues to grow as a signature event within the Central Ohio community, generating over \$13 million dollars for cancer research this year alone.
- The University continues to expand and further develop the International Gateways model, expanding operations in China and creating a new Gateway Office in Mumbai, India.
- Ohio State continues to reap substantial benefits from the existing partnerships with Battelle, The Royal Shakespeare Company, and others.

Operating and Financial Soundness and Simplicity

The President understands the importance of moving the university to a more robust financial position with new sources of revenue and streamlining University operations to function more efficiently and effectively.

Notable Accomplishments:

- President Gee helped secure the largest philanthropic gift in University history – a \$100 million pledge from our Board Chairman, Leslie Wexner and his wife, Abigail Wexner.
- He has kept the almost \$1bn Medical Center Expansion Project on time and on budget.
- He also helped to secure an additional \$100 million grant from the federal government to fund the radiation oncology addition to the Medical Center Expansion Project.
- In the past year, the University issued approximately \$800 million in “Build America” bonds to help fund the Medical Center Expansion, at the lowest interest rate ever achieved at Ohio State and which will result in over \$130 million in savings over the life of the facilities.
- The number of University donors now number more than 20,000 over the previous year, resulting in new records for total new fundraising activity, total private support, and total number of annual donors.
- Recently, the University issued \$500 million in “Century Bonds,” becoming the first public University to take advantage of the market in such an innovative way.
- Ohio State is beginning to realize substantial savings as a result of the President’s focus on internal deregulation, cost-containment, and cost reductions. The University’s streamlining efforts are being validated by external reviewers. In reaffirming the University’s AA1 credit rating with a Stable Outlook in anticipation of the Century Board issuance, Moody’s Rating Service noted in their report:

“The University’s relatively new financial management team has substantial diversified experience outside of higher education and brings a commitment to planning and emphasis on use of metrics to increase productivity and cost efficiency. These efforts are already starting to yield results. Operating efficiencies driven by a more centralized control of cost centers are being implemented.”

III. CONSTRUCTIVE FEEDBACK

The interviews also resulted in constructive feedback to the President in four key areas: 1. strategic planning; 2. forming his senior leaders into an even more effective team; 3. strengthening internal and external communication; and 4. the NCAA and the OSU football program.

1. Strategic Planning

As to strategic planning, the process must provide the Board with a clear and concise view of the President's paramount priorities. In order for the University to function most effectively, the President and the Board must be unambiguously aligned around a limited number of strategic imperatives. And to that end, the President will focus upon attaining that alignment with the creation of an overarching strategic plan from which will flow his and the Board's key priorities over the next few years. Further, the Board anticipates that it and the President will shift more focus to the attainment of measurable results as outlined in the strategic plan.

2. Enhancing the President's Senior Leadership Team

Board members mentioned that President Gee has been entrusted with identifying the right people to partner with him in achieving the University's goals. The expectation is that the President will recruit, retain and develop top talent. It is also expected that these talented individual leaders will also function as a highly effective team under the direct leadership of Dr. Gee. Board members mentioned that the success of the institution overall is greatly dependent upon how effective Dr. Gee's success in this area. Therefore, his overall performance assessment will continue to include measures of his team leadership.

3. Internal and External Communications

Board members encouraged the President to continue to strengthen open and transparent communication and promote collaborative decision-making with his senior leadership team. The enormity and complexity of leading this University cannot be understated. Trustees felt strongly that President Gee cannot and should not do it alone. He must be able to rely on his most trusted advisors to handle the day-to-day implementation of his objectives.

In addition, the Board members believe that the Board itself is an important resource to help the Administration achieve those objectives, and more regular and holistic information sharing and updates to the full Board would help ensure that its members are better able to do so. Additionally, the Board must ensure that we continue to be

thoughtful and purposeful in communicating with all of our stakeholders, and have asked the President to consider ways to enhance that effort.

Separately, but importantly, the University, must be consistently focused on sending the right internal and external messages in the appropriate way to drive the Institution forward. Suggestions were made that in developing a more strategic and deliberative communications plan, the President might consider enhancing communications leadership and associated infrastructure, and engaging additional expertise as needed.

4. The NCAA Matter and the Football Team

All Board members and the other reviewers addressed the recent experiences with the NCAA and the football program. During that crisis, the President exhibited leadership by:

- Fully cooperating with every aspect of the NCAA investigation;
- Utilizing self-imposed sanctions that were independent of NCAA sanctions; and,
- Creating a lasting process of greater oversight and accountability.

On the other hand, there was no question that mistakes were made by the President, the Athletic Director, and others. As a result of these issues, the University suffered reputational damage and shaken confidence among key stakeholders and the public. The issue also distorted the image and reputation of the University and diminished focus upon its many outstanding programs and contributions and increased focus upon football and its issues.

III. PROCESS MOVING FORWARD

After much dialogue between the President, the Board and other leaders, the goals for the next one to three years will align with the President's original imperatives, which he set upon his return to Ohio State in 2007, and which were the basis for the current evaluation. Yet, they differ in that they are evolved so as to address critical needs going forward. By clearly identifying these imperatives, the President and the Board will be able to use their time for maximum effect on the University's behalf.

As agreed to by Dr. Gee and the Board of Trustees, the areas in which we will focus most intently for the coming years are:

- Resource Generation (including revenue production and expense reduction)

- Implementation of the Advancement Plan that was previously set forth by the President and approved by this Board
- Developing and implementing a plan for an enhanced undergraduate student experience
- Developing, approving and effectuating a University talent strategy that addresses the recruitment of new talent as well as the development and retention of current talent and of teams
- Developing academic initiatives aligned with the 3 discovery areas (energy + environment, health & wellness, food & food security)
- Fully achieving the Medical Center's long range plan

These imperatives are ambitious undertakings. Many details are still being developed. Success will require maximum dedication and effort at all levels of the University. The Board firmly believes that President Gee is the right leader to achieve these imperatives and take Ohio State where it should go.

COMPENSATION

In determining the appropriate compensation for the President for the present year, it is important to weigh the President's performance from the past year along with other important considerations, including the President's current ranking with respect to the market for other top university presidents; the current economic condition of the University, the state of Ohio, and higher education; and the compensation increases recently allocated to University faculty and staff. Furthermore, the Board utilizes the expertise of an outside compensation professional to conduct a comprehensive reasonableness assessment of all aspects of Dr. Gee's compensation. The faculty and staff of the University recently received an aggregate salary increase of 2 percent. We recommend that President Gee receive a similar salary increase of 2 percent, which would amount to an increase of \$16,363 over his current salary of \$818,167.

PERFORMANCE-BASED COMPENSATION

The performance-based compensation arrangement established for the President upon his return to the University in 2007 provides for a 35% payment for achieving target-

level performance; up to 40% maximum for exceeding target performance; and up to an additional 10% for achievement of important multi-year goals.

The President and this Board share a high set of expectations for performance. We recommend that President Gee receive performance-based compensation amounting to \$143,179, which represents a payment equivalent to 17.5% percent of his base salary. Consistent with this Board's prior commitment, President Gee's bonus will not be paid by Ohio taxpayers or student tuition dollars, but rather through the Academic Excellence Fund that was created to assist with the retention and recruitment of the highest caliber academic and administrative leaders and is funded by private giving.

CONCLUSION

Overall, The Ohio State University is an outstanding institution because of Dr. Gee's leadership. He is a truly visionary leader who adeptly handles the breadth, complexity and demands of the job. However, this challenge is not his alone to face. We, as a Board, will continue to partner with President Gee and his leadership team to address the most significant challenges and strategic opportunities that this University faces.

I am pleased to bring these recommendations forward for the Board's consideration and I invite your discussion. When we have reached a decision, a motion will be required for our approval of the President's compensation actions.

Would any of my colleagues on the Compensation and Talent Development Working Group like to add any comments?

Mr. Chairman, I ask for a motion to accept the report and recommendations of the Working Group.

1. Association of Governing Boards of Universities and Colleges, "Higher Education Governance Survey" (Washington, D.C., 2008)

2. Schwartz, Merrill P. Assessing the Performance of Academic Presidents, Ph.D. Dissertation. University of Maryland, College Park 1998

